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# ***NCH South ApS***

C/O Hotel Skt Petri, Krystalgade 22, DK-1172  
København K

## **Annual Report for 1 January - 31 December 2021**

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CVR No 35 25 54 94

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
30/6 2022

Sven Martin Christopher  
Alm  
Chairman of the General  
Meeting



**pwc**

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# Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of NCH South ApS for the financial year 1 January - 31 December 2021.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2021 of the Company and of the results of the Company operations for 2021.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 30 June 2022

## Executive Board

Sven Martin Christopher Alm  
CEO

## Board of Directors

Rasmus Juul-Nyholm

Gauthier Robert A Lambeaux

# Independent Auditor's Report

To the Shareholder of NCH South ApS

## Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of NCH South ApS for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Management's responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

# Independent Auditor's Report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 30 June 2022

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Bo Schou-Jacobsen  
State Authorised Public Accountant  
mne28703

Qasam Hussain  
State Authorised Public Accountant  
mne44159

## **Company Information**

### **The Company**

NCH South ApS  
C/O Hotel Skt Petri  
Krystalgade 22  
DK-1172 København K

CVR No: 35 25 54 94  
Financial period: 1 January - 31 December  
Municipality of reg. office: Copenhagen

### **Board of Directors**

Rasmus Juul-Nyholm  
Gauthier Robert A Lambeaux

### **Executive Board**

Sven Martin Christopher Alm

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

## Income Statement 1 January - 31 December

	Note	2021 DKK	2020 DKK
<b>Gross profit/loss</b>	4	<b>3,522,094</b>	<b>3,349,489</b>
Staff expenses	5	-18,622,305	-23,642,191
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-625,040	-1,043,284
<b>Profit/loss before financial income and expenses</b>		<b>-15,725,251</b>	<b>-21,335,986</b>
Financial income		43,678	15,129
Financial expenses	6	-1,509,381	-902,557
<b>Profit/loss before tax</b>		<b>-17,190,954</b>	<b>-22,223,414</b>
Tax on profit/loss for the year		0	-8,000,000
<b>Net profit/loss for the year</b>		<b>-17,190,954</b>	<b>-30,223,414</b>

## Distribution of profit

### Proposed distribution of profit

Retained earnings		-17,190,954	-30,223,414
		<b>-17,190,954</b>	<b>-30,223,414</b>

# Balance Sheet 31 December

## Assets

	Note	2021 DKK	2020 DKK
Acquired licenses		0	27,142
<b>Intangible assets</b>		<b>0</b>	<b>27,142</b>
Other fixtures and fittings, tools and equipment		457,438	1,055,335
<b>Property, plant and equipment</b>	7	<b>457,438</b>	<b>1,055,335</b>
<b>Fixed assets</b>		<b>457,438</b>	<b>1,082,477</b>
<b>Inventories</b>		<b>1,476,713</b>	<b>1,094,480</b>
Trade receivables		2,164,001	63,049
Receivables from group enterprises		65,791	291,281
Other receivables		23,408,148	24,875,401
Prepayments		490,485	741,556
<b>Receivables</b>		<b>26,128,425</b>	<b>25,971,287</b>
<b>Cash at bank and in hand</b>		<b>240,917</b>	<b>101,200</b>
<b>Currents assets</b>		<b>27,846,055</b>	<b>27,166,967</b>
<b>Assets</b>		<b>28,303,493</b>	<b>28,249,444</b>



# Balance Sheet 31 December

## Liabilities and equity

	Note	2021 DKK	2020 DKK
Share capital		600,000	600,000
Retained earnings		-54,665,954	-37,475,000
<b>Equity</b>		<b>-54,065,954</b>	<b>-36,875,000</b>
Other payables		1,673,690	1,673,690
<b>Long-term debt</b>	8	<b>1,673,690</b>	<b>1,673,690</b>
Prepayments received from customers		1,438,556	1,376,934
Trade payables		7,270,129	5,995,004
Payables to group enterprises		70,057,559	53,120,701
Other payables	8	1,929,513	2,958,115
<b>Short-term debt</b>		<b>80,695,757</b>	<b>63,450,754</b>
<b>Debt</b>		<b>82,369,447</b>	<b>65,124,444</b>
<b>Liabilities and equity</b>		<b>28,303,493</b>	<b>28,249,444</b>
Capital resources	1		
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## Statement of Changes in Equity

	<u>Share capital</u> DKK	<u>Retained earnings</u> DKK	<u>Total</u> DKK
Equity at 1 January	600,000	-37,475,000	-36,875,000
Net profit/loss for the year	0	-17,190,954	-17,190,954
<b>Equity at 31 December</b>	<b>600,000</b>	<b>-54,665,954</b>	<b>-54,065,954</b>

# Notes to the Financial Statements

## 1 Capital resources

The Parent Company SOF-12 Skt. Petri Bidco ApS have issued a Letter of Financial Support. The Letter of Financial Support is effective until 30 June 2023.

On this basis, Management assesses that the capital resources are sufficient and therefore submits the Annual Report on the assumption of going concern.

## 2 Subsequent events

As per 31 March 2022 SOF-12 Skt. Petri Bidco ApS acquired all the shares in NCH South ApS.

No events materially affecting the assessment of the Annual Report has occurred after the balance sheet date.

## 3 Key activities

The Company's main activity consists of hotel and restaurant operations in rented premises.

## 4 Other operating income

The following types of Covid-19 compensations are recognized in the gross profit/loss for the year:

- Compensation for salaries, which amounts to DKK 2,717,860 (2020: DKK 3,153,676)
- Compensation for fixed costs, which amounts to DKK 16,248,104 (2020: DKK 31,360,326)

The Company has received compensation due to Covid-19 for a total of DKK 18,965,964 (2020: DKK 34,514,002).

Of this, DKK 14,162,935 is outstanding, which is recognized as other receivables as per 31 December 2021 (2020: DKK 12,713,511) which is expected to be received during 2022.

## Notes to the Financial Statements

	2021	2020
	DKK	DKK
<b>5 Staff expenses</b>		
Wages and salaries	18,285,924	23,235,892
Pensions	95,869	156,359
Other social security expenses	190,474	197,180
Other staff expenses	50,038	52,760
	<b>18,622,305</b>	<b>23,642,191</b>
<b>Average number of employees</b>	<b>42</b>	<b>55</b>
<b>6 Financial expenses</b>		
Interest paid to group enterprises	1,439,047	806,368
Other financial expenses	22,905	13,330
Exchange loss	47,429	82,859
	<b>1,509,381</b>	<b>902,557</b>
<b>7 Property, plant and equipment</b>		
	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK	DKK
Cost at 1 January	5,657,364	673,872
Cost at 31 December	5,657,364	673,872
Impairment losses and depreciation at 1 January	4,600,000	673,872
Depreciation for the year	599,926	0
Impairment losses and depreciation at 31 December	5,199,926	673,872
<b>Carrying amount at 31 December</b>	<b>457,438</b>	<b>0</b>

# Notes to the Financial Statements

## 8 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	<u>2021</u> DKK	<u>2020</u> DKK
<b>Other payables</b>		
Between 1 and 5 years	<u>1,673,690</u>	<u>1,673,690</u>
Long-term part	1,673,690	1,673,690
Other short-term payables	<u>1,929,513</u>	<u>2,958,115</u>
	<b><u>3,603,203</u></b>	<b><u>4,631,805</u></b>

## 9 Contingent assets, liabilities and other financial obligations

### Rental and lease obligations

Lease obligation in the non-cancellation period	262,518,762	303,318,762
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### Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Choice Hotels & Resorts A/S, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on un-earned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

# Notes to the Financial Statements

## 10 Related parties

### Ownership

The following shareholder is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% as per 31 March 2022 after acquisition of the shares:

In 2021 the following entities exercised ultimate influence over the business, through ownership and voting rights:

- Choice Hotels & Resort A/S, København, Danmark
- Choice Hotels & Resort AS, Oslo, Norge
- Nordic Choice Hospitality Group AS, Oslo, Norge
- Strawberry Hospitality Group AS, Oslo, Norge
- Strawberry Holding AS, Oslo, Norge

The following individuals that exercised influence over the business, through interests and voting rights where:

Peter Anker Stordalen, Oslo, Norway

### Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

<u>Name</u>	<u>Place of registered office</u>
Strawberry Holding AS	Oslo, Norway
Nordic Choice Hospitality Group AS	Oslo, Norway

# Notes to the Financial Statements

## 11 Accounting Policies

The Annual Report of NCH South ApS for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2021 are presented in DKK.

### Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

### Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

# Notes to the Financial Statements

## 11 Accounting Policies (continued)

### Income Statement

#### Revenue

Revenue from the sale of services is recognised when delivery and transfer of risk to the buyer have been made.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

#### Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

#### Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

#### Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, cost of sales and other external expenses.

#### Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

#### Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of property, plant and equipment.

#### Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including government grants relating to Covid-19 compensation schemes.

#### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.



# Notes to the Financial Statements

## 11 Accounting Policies (continued)

### Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with Danish group enterprises. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

## Balance Sheet

### Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5 years

Depreciation period and residual value are reassessed annually.

### Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

### Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

# Notes to the Financial Statements

## 11 Accounting Policies (continued)

The cost of goods for resale, raw materials and consumables equals landed cost.

### Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

### Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

### Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

### Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

### Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.